

E2SHB 2572 - S COMM AMD

By Committee on Health & Long-Term Care

NOT ADOPTED 03/01/2006

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** FINDINGS AND INTENT. (1) The legislature
4 finds that many small employers struggle with the cost of providing
5 employer-sponsored health insurance coverage to their employees, while
6 others are unable to offer employer-sponsored health insurance due to
7 its high cost. Low-wage workers also struggle with the burden of
8 paying their share of the costs of employer-sponsored health insurance,
9 while others turn down their employer's offer of coverage due to its
10 costs.

11 (2) The legislature intends, through establishment of a small
12 employer health insurance partnership program, to remove economic
13 barriers to health insurance coverage for low-wage employees of small
14 employers by building on the private sector health benefit plan system
15 and encouraging employer and employee participation in
16 employer-sponsored health benefit plan coverage.

17 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this
18 section apply throughout this chapter unless the context clearly
19 requires otherwise.

20 (1) "Administrator" means the administrator of the Washington state
21 health care authority, established under chapter 41.05 RCW.

22 (2) "Eligible employee" means an individual who:

23 (a) Is a resident of the state of Washington;

24 (b) Has family income less than two hundred percent of the federal
25 poverty level, as determined annually by the federal department of
26 health and human services; and

27 (c) Is employed by a small employer.

28 (3) "Health benefit plan" has the same meaning as defined in RCW
29 48.43.005 or any plan provided by a self-funded multiple employer

1 welfare arrangement as defined in RCW 48.125.010 or by another benefit
2 arrangement defined in the federal employee retirement income security
3 act of 1974, as amended.

4 (4) "Program" means the small employer health insurance partnership
5 program established in section 3 of this act.

6 (5) "Small employer" has the same meaning as defined in RCW
7 48.43.005.

8 (6) "Subsidy" means payment or reimbursement to an eligible
9 employee toward the purchase of a health benefit plan, and may include
10 a net billing arrangement with insurance carriers or a prospective or
11 retrospective payment for health benefit plan premiums.

12 NEW SECTION. **Sec. 3.** SMALL EMPLOYER HEALTH INSURANCE PARTNERSHIP
13 PROGRAM ESTABLISHED. To the extent funding is appropriated in the
14 operating budget for this purpose, the small employer health insurance
15 partnership program is established. The administrator shall be
16 responsible for the implementation and operation of the small employer
17 health insurance partnership program, directly or by contract. The
18 administrator shall offer premium subsidies to eligible employees under
19 section 4 of this act.

20 NEW SECTION. **Sec. 4.** PREMIUM SUBSIDIES TO ELIGIBLE EMPLOYEES.
21 (1) Beginning January 1, 2007, the administrator shall accept
22 applications from eligible employees, on behalf of themselves, their
23 spouses, and their dependent children, to receive premium subsidies
24 through the small employer health insurance partnership program.

25 (2) Premium subsidy payments may be provided to eligible employees
26 if:

- 27 (a) The eligible employee is employed by a small employer;
- 28 (b) The value of the health benefit plan offered by the small
29 employer is at least equivalent to that of the basic health plan
30 benefit offered under chapter 70.47 RCW. The office of the insurance
31 commissioner under Title 48 RCW shall certify those small employer
32 health benefit plans that, by reason of cost or benefits, can be
33 considered substantially equivalent to the basic health plan benefit;
34 and

35 (c) The small employer will pay at least forty percent of the

1 monthly premium cost for health benefit plan coverage of the eligible
2 employee.

3 (3) The amount of an eligible employee's premium subsidy shall be
4 determined by applying the sliding scale subsidy schedule developed for
5 subsidized basic health plan enrollees under RCW 70.47.060 to the
6 employee's premium obligation for his or her employer's health benefit
7 plan. However, in no case shall the amount of an eligible employee's
8 monthly premium subsidy exceed the amount he or she would have received
9 as a basic health plan enrollee.

10 (4) After an eligible individual has enrolled in the program, the
11 program shall issue subsidies in an amount determined pursuant to
12 subsection (3) of this section to either the eligible employee or to
13 the carrier designated by the eligible employee.

14 (5) An eligible employee must agree to provide verification of
15 continued enrollment in his or her small employer's health benefit plan
16 on a semiannual basis or to notify the administrator whenever his or
17 her enrollment status changes, whichever is earlier. Verification or
18 notification may be made directly by the employee, or through his or
19 her employer or the carrier providing the small employer health benefit
20 plan. When necessary, the administrator has the authority to perform
21 retrospective audits on premium subsidy accounts. The administrator
22 may suspend or terminate an employee's participation in the program and
23 seek repayment of any subsidy amounts paid due to the omission or
24 misrepresentation of an applicant or enrolled employee. The
25 administrator shall adopt rules to define the appropriate application
26 of these sanctions and the processes to implement the sanctions
27 provided in this subsection, within available resources.

28 NEW SECTION. **Sec. 5.** ENROLLMENT LIMITS TO REMAIN WITHIN
29 APPROPRIATION. Enrollment in the small employer health insurance
30 partnership program is not an entitlement and shall not result in
31 expenditures that exceed the amount that has been appropriated for the
32 program in the operating budget. If it appears that continued
33 enrollment will result in expenditures exceeding the appropriated level
34 for a particular fiscal year, the administrator may freeze new
35 enrollment in the program and establish a waiting list of eligible
36 employees who shall receive subsidies only when sufficient funds are
37 available.

1 NEW SECTION. **Sec. 6.** COLLABORATION WITH COMMUNITY ORGANIZATIONS.

2 In implementing the small employer health insurance partnership
3 program, the administrator shall work with organizations awarded grants
4 through the community health care collaborative grant program
5 established under Engrossed Second Substitute Senate Bill No. 6459, if
6 enacted. The administrator may use funds appropriated for the small
7 employer health insurance partnership program to enhance a grant
8 otherwise awarded to a community-based organization. The grant
9 enhancement shall be used by the organization specifically to provide
10 a subsidy to eligible employees within the geographic region it serves.

11 NEW SECTION. **Sec. 7.** RULES. The administrator shall adopt all

12 rules necessary for the implementation and operation of the small
13 employer health insurance partnership program. As part of the rule
14 development process, the administrator shall consult with small
15 employers, carriers, employee organizations, and the office of the
16 insurance commissioner under Title 48 RCW to determine an effective and
17 efficient method for the payment of subsidies under this chapter,
18 including methods for electronic funds transfers of the subsidy. All
19 rules shall be adopted in accordance with chapter 34.05 RCW.

20 NEW SECTION. **Sec. 8.** REPORTS TO THE LEGISLATURE. The

21 administrator shall report biennially to the relevant policy and fiscal
22 committees of the legislature on the effectiveness and efficiency of
23 the small employer health insurance partnership program, including the
24 services and benefits covered under the purchased health benefit plans,
25 consumer satisfaction, and other program operational issues.

26 NEW SECTION. **Sec. 9.** SMALL EMPLOYER HEALTH INSURANCE PARTNERSHIP

27 PROGRAM ACCOUNT. The small employer health insurance partnership
28 program account is hereby established in the custody of the state
29 treasurer. Any nongeneral fund--state funds collected for the small
30 employer health insurance partnership program shall be deposited in the
31 small employer health insurance partnership program account. Moneys in
32 the account shall be used exclusively for the purposes of administering
33 the small employer health insurance partnership program, including
34 payments to participating managed health care systems on behalf of
35 small employer health insurance partnership enrollees. Only the

1 administrator of the health care authority or his or her designee may
2 authorize expenditures from the account. The account is subject to
3 allotment procedures under chapter 43.88 RCW, but an appropriation is
4 not required for expenditures.

5 NEW SECTION. **Sec. 10.** STATE CHILDREN'S HEALTH INSURANCE PROGRAM--
6 FEDERAL WAIVER REQUEST. The department of social and health services
7 shall submit a request to the federal department of health and human
8 services by October 1, 2006, for a state children's health insurance
9 program section 1115 demonstration waiver. The waiver request shall
10 seek authorization from the federal government to draw down Washington
11 state's unspent state children's health insurance program allotment to
12 finance basic health plan coverage, as provided in chapter 70.47 RCW,
13 for parents of children enrolled in medical assistance or the state
14 children's health insurance program. The waiver also shall seek
15 authorization from the federal government to utilize the resulting
16 state savings to finance expanded basic health plan enrollment, or
17 subsidies provided to low-wage workers through the small employer
18 health insurance partnership program established in this chapter.

19 NEW SECTION. **Sec. 11.** The joint legislative audit and review
20 committee shall conduct a program and fiscal review of the small
21 employer health insurance partnership program and report their findings
22 and recommendation to the appropriate committees of the legislature no
23 later than December 1, 2009.

24 NEW SECTION. **Sec. 12.** Captions used in this act are not part of
25 the law.

26 NEW SECTION. **Sec. 13.** Sections 1 through 10 and 12 of this act
27 constitute a new chapter in Title 70 RCW."

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1 On page 1, line 2 of the title, after "program;" strike the
2 remainder of the title and insert "adding a new chapter to Title 70
3 RCW; and creating a new section."

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